

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS BRASILIA 002216

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STATE PASS USTR FOR LYANG
USDOC FOR 4332/ITA/MAC/WH/OLAC/JANDERSEN/ADRISCOLL/MWAR D
USDOC FOR 3134/ITA/USCS/OIO/WH/RD/DDEVITO/DANDERSON/EOL SON

E.O. 12958: N/A
TAGS: [EAGR](#) [ETRD](#) [WTO](#)
SUBJECT: LETTER FROM AG MINISTER RODRIGUEZ REGARDING THE WTO
COTTON SUBSIDIES CASE

REF: CORRESPONDENCE DATED JULY 5, 2005

1.ON JULY 5, BRAZILIAN AGRICULTURE MINISTER RODRIGUES WROTE
THE LETTER SET FORTH IN PARAGRAPH 2 BELOW TO AMEMBASSY
BRASILIA FAS COUNSELOR.

[1](#)2. BEGIN INFORMAL TRANSLATION

[1](#)3. THE BRAZILIAN GOVERNMENT NOTES THAT, ON JUNE 30, 2005,
THE UNITED STATES DEPARTMENT OF AGRICULTURE ANNOUNCED
CHANGES IN THE EXPORT CREDIT GUARANTEE PROGRAMS. THE
BRAZILIAN GOVERNMENT ALSO NOTES, WITH SATISFACTION, THE
ANNOUNCEMENT THAT LEGISLATIVE PROPOSALS, REQUESTING THE
COMPLETE REMOVAL OF THE "STEP 2" PROGRAM AND THE GSM 103
CREDIT GUARANTEE PROGRAM, HAVE BEEN SENT TO THE U.S.
CONGRESS.

THE BRAZILIAN GOVERNMENT ALSO RECOGNIZES THAT THESE MEASURES
CONSTITUTE A POSITIVE STEP TOWARDS THE SOLUTION OF THE
DISPUTE. WITH RESPECT TO THE EXPORT CREDIT GUARANTEE
PROGRAMS, THIS GOVERNMENT WILL EXAMINE THE PROPOSALS TO
DETERMINE WHETHER THEY WILL BE SUFFICIENT TO FULLY COMPLY
WITH THE DSB'S RECOMMENDATIONS. WITH RESPECT TO "STEP 2", IF
THE PROPOSAL FORWARDED TO THE U.S. CONGRESS IS APPROVED, THE
DSB'S RECOMMENDATIONS RELATED TO THAT PROGRAM WILL BE
ANSWERED.

HAVING PRESENTED WITH THIS SCENARIO, THE BRAZILIAN AND U.S.
GOVERNMENTS HAVE REACHED A BILATERAL UNDERSTANDING THAT
CONTEMPLATES THE IMMEDIATE SUSPENSION OF THE ARBITRATION
PROCEEDINGS REFERRED TO ABOVE; THE UNDERSTANDING
CONTEMPLATES THAT, AT ANY GIVEN MOMENT, BY BRAZIL MAY SEEK,
A PANEL FOR THE EXAMINATION OF THE CONSISTENCY OF THE NEW
MEASURES ADOPTED BY THE UNITED STATES WITH THE MULTILATERAL
DISCIPLINES (REVISION PANEL). IN ADDITION, IT AFFORDS BRAZIL
THE POSSIBILITY OF RETAKING, BY BRAZIL, THE ARBITRATION
PROCEEDING UNDER ARTICLE 22.6, IN CASE THE REVISION PANEL
FINDS THAT THE ADOPTED MEASURES ARE NOT SUFFICIENT TO
ANSWER DSB'S RECOMMENDATIONS.

THE BRAZILIAN GOVERNMENT WILL REMAIN COMMITTED TO PROCEED
WITH THE BILATERAL AGREEMENTS THAT HAVE BEEN SUSTAINED OVER
THE LAST WEEKS WITH THE U.S. GOVERNMENT, WITH THE INTENTION
TO REACH A SOLUTION TO THE DISPUTE, WHICH IS MUTUALLY
SATISFACTORY AND FULLY COMPLIES WITH THE IMPLEMENTATION OF
THE DSB'S RECOMMENDATIONS.

END INFORMAL ENGLISH TRANSLATION

LINEHAN